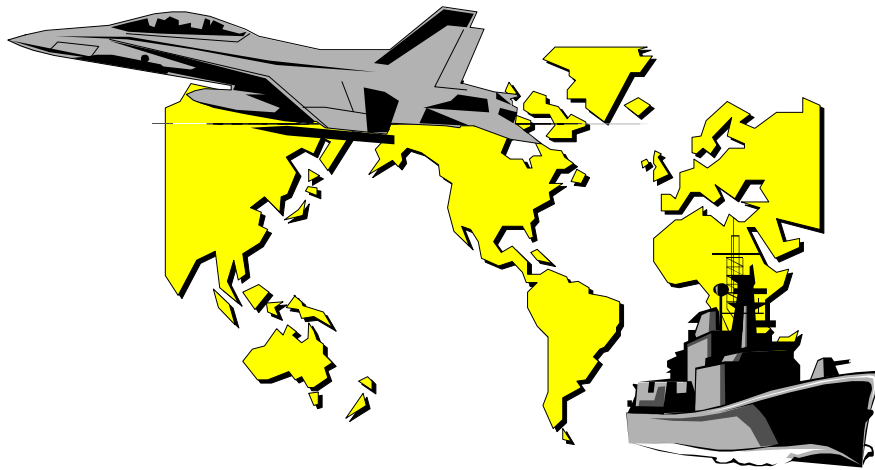


## Regional Tensions

U.S. Economic Competitiveness	Worldwide Demand for Aero Products/Services	Threats to Global Security and/or Quality of Life	Global Trend in Govt. Participation in Society
Strong	High Growth	High	High



### Summary

The world is organized along regional blocs each focused on military alliances but also containing formal and informal restrictions on commerce. China after a bloody civil war has emerged angry, aggressive, and particularly antagonistic toward the U.S. and all that it has stood for in the post-WWII era. In response an Anglo/Americas bloc has emerged which now interconnects North America and the UK along with Australia, New Zealand, and Taiwan. This bloc is politically leary of China but, other than Taiwan, is under no direct military threat. Japan, on account of growing doubts about U.S. trade and defense commitments, has moved closer to Russia and along with India has formed an alliance to contain China. Major U.S. companies, in the face of losses in China and hostility elsewhere in the region, have abandoned or downsized Asian operations. An expanded European Union (ex-the UK) is relatively strong, cohesive, and independent to the extent that it strives not to take sides and sells to everyone. Bureaucrats everywhere no longer apologize for interfering in markets when national defense is at stake.

A century and a quarter ago, as the progress-obsessed nineteenth century was preparing for the *twentieth century*, the optimism was infectious. The scientific, economic, political and spiritual realms seemed to be harmoniously working together to advance knowledge, raise living standards, ensure peace, and spread “Western Civilization” worldwide. The new century not only promised technological marvels, expanding international trade, and increasingly liberal politics, but also higher culture and a more profound human spirit. It is only with hindsight that we can see the irony in those brave sermons and editorials that promised the twentieth century would see the material and spiritual ascent of mankind. *It is with similar irony* that we can now look back (from 2020) only twenty-five years at the descendants of those same prophets who were hailing “a new world order” and “the end of history.” Their new world, we were assured, had learned from past bloodshed. Now “liberal capitalism,” “global free trade,” and a proliferation of “multilateral treaties and organizations” would ensure peace, progress, and prosperity for the new millennium.

Over the last quarter century, America easily had the world’s most open, least regulated, and most globally integrated economy. With our deficit well in hand and our debt coming down, we were a nation filled with optimism about the growth of global trade and institutions. After the UN reforms of 1999, all past due contributions were paid and our foreign policy was increasingly coordinated with and through that organization’s strengthened institutions. U.S. media giants distributed news, entertainment and educational information worldwide, with an explicit bias toward enhancing international understanding and tolerance. Our universities were open to the citizens of all nations, as were our information network, our financial system, and our corporate board rooms.

If the rest of the world seemed reluctant, at times, to follow America’s renewed sense of humanitarian optimism, few countries were reluctant to engage in global economic growth, once again fueled by the North American economy. Trade increased as did all forms of social and economic contact. To the consternation of many, those contacts seemed to bring as much tension as international understanding; but that was easily explained by differential economic growth and the defensive cultural and ethnic policies pursued by some nations made uncomfortable with rapid globalization. All of that would pass (we thought) with the greater understanding that comes with time.

Many, of course, have pinpointed our nearly obsessive pursuit of economic globalization as the root cause of our inattention to politics — the raw sort of power politics — that we eschewed; yet was emerging again on the Asian mainland. The post-Deng succession *seemed* to go off without a hitch in the late 1990s. Or, in hindsight, perhaps that is what we wanted to believe. There *were* those rumors that spread through Hong Kong of assassinations and skirmishes between provincial armies. After several years in which Beijing seemed to be in control of a slowly (very slowly) liberalizing country that absorbed all the investment sent its way, China exploded into Civil War between 2006 and 2008.

In hindsight, the succession had not been all that smooth after all. Years of bitter power politics had remained hidden from the capitalists that scoured the country for investment opportunities. The sides of the struggle proclaimed differing ideologies — and perhaps they meant it as they

sought control of the world's most populous nation. One side (the North and some of the interior) sought a return to communal values but that was mixed with fierce nationalism. The coastal provinces and parts of the southern interior sought to continue the Deng economic revolution and were considerably more internationalists.

A horrible war of mass armies using chemical and biological weapons was fought mostly in the interior and north. The “entrepreneurial” coastal provinces won with surprisingly little damage to the industrial economic infrastructure. But in a turn of events not unheard of in history, the winners began to mirror-image some of the loser's ideology. The emergent and reunited China faced the world as a ferociously nationalistic power hardened by war that immediately sought recognition of its (appropriate) dominant role in Asia.

It is difficult to blame the Europeans for being less idealistic than we. Twice in the last century they were torn to shreds by war. As many argue, however, there may have been more at play than fear for them to have shattered the most successful military alliance in history. Whatever it was, a lack of courage, jealousy, opportunism, or just a different sense of the politically possible, when NATO resolve and unity came to the test in the defense of Taiwan, Europe opted out. Only the UK — in part to finally protect its refugee Hong Kong constituency and in part to assert its independence of a Europe dominated by Germany — (and as always, Australia) chose to stand with North America against China's overt attack on international law. After three days of “live fire” intimidation, China backed down — as the Sixth and Seventh U.S. Fleets came within strike range — but its subsequent behavior toward neighbors (unwilling to resist) and toward foreign investors (all too willing to negotiate anything) has shown again that appeasement only perpetuates aggression.

Internationalism and, more importantly, multilateralism began to fail; incrementally at first, but fail none-the-less. As the joint command in NATO became increasingly fractious, the EU began shifting its focus to the European Defense Union to which North Americans were soon denied observer status. In the UN the excesses of the Sunni Theocracy in their new Arabian Republic were met with conflicting European responses. Suspicions and accusations that German and French oil companies had successfully negotiated secret supply contracts below the \$40 marker price continued to surface. Perhaps more importantly, all attempts to embargo China and even curtail its trade violations through the WTO were met only with subterfuge and political sandbagging. Without multilateral cooperation, the US quickly discovered that its defense commitments were overextended.

At the same time, with the WTO hopelessly deadlocked, unlicensed and counterfeit goods began flooding the world market with no coordinated response. There were two major air crashes traced to “fully documented” defective counterfeit engine parts produced in China; and, yet, many governments clung to the belief that unilateral negotiation could protect their interests and investments. Left with no other recourse, America moved to impose maintenance quarantines in Asia and selective import restrictions.

These actions may have been poorly managed, but coming at the same time as our discussions with Japan about a reevaluation of existing defense commitments seems to have been the deciding

factor in bringing the New State Socialist Party to power in 2012. Their successful negotiation with Russia for a return of the Sakhalin Islands combined with significantly increased investment in joint development projects was the kernel of cooperation that became the foundation of their defense agreement against China. With India's increased participation in this alliance, they have become the dominant political and military power surrounding China and have successfully co-opted cooperation from some other Southeast Asian countries. The only exception being the Anglo/American presence in Taiwan, the Philippines, and, of course, Australia and New Zealand.

Thus, in less than a decade, the entire post-WWII international institutional structure is on the verge of total collapse. Just as the last semblance of the world created at the Congress of Vienna was totally destroyed by an economically strong, newly centralized and politically aggressive Germany in WWI, so too, a similarly strong, newly re-centralized and assertive China seems determined to do the same. Europe, however, is now the neutral, standing on the sidelines, trying to maintain relations with both sides; while the Anglo/American Alliance watches its Asian counterpart every bit as enigmatic and mysterious as its Czarist predecessor of a century ago. In a world with as little trust as ours, weapons, more than allies, provide security.

Unfortunately our resources are stretched thin: we have allowed our arsenal to lapse into disrepair; our economic muscle has been directed at more peaceful pursuits. Our failure to provide employment for a once unmatched defense industry has resulted in loss of many critical skill sets. We currently are deploying weapon systems that, today, we would find hard to produce. There are whole new areas of weapons technology, most notably in advanced information and knowledge systems, where we have trained the world but failed to retain sufficient talent to support the needs of both industry and defense.

In addition, the radical shifts in global economics and world trade have made all too obvious the folly of our excessive dependence on foreign production and our excessive reliance on overseas design and development. Luckily America's immigrant traditions are making it possible to aggressively "patriate" needed talent worldwide. Finally, despite the depressed condition of financial markets, the soundness of our recent fiscal policies have to some degree strengthened our borrowing power. At least there is now general consensus that society and the government have vital national interests concerning the nature and structure of the country's economy; *laissez faire* may be fine for angels but it is sheer folly in a world of human conflict.

Despite this consensus there is no clear agreement regarding the nature of our defense requirements. Seemingly endless lists of needs and technologies are demanding our national attention: air and missile defense, rapid deployment forces, infocom-defense, space defense and global surveillance, chemical and biological systems, and on and on. In addition, the state of our intelligence capabilities has also fallen way behind what is needed. Luckily, the combined naval resources of the Anglo/American Alliance can provide the foundation for the kind of traditional sea-based power projection that appears to be needed. It is also rumored that the U.S. and UK intelligence operations are being successfully revived. The first real test of these joint capabilities appears to be coming in Africa where access to critical raw materials is once again under threat of revolutionary forces with foreign power backing — both the Chinese and European, if regional press reports are to be believed.

One of the biggest problems facing the Anglo/American Alliance has been developing a secure and integrated information network. The U.S. commitment to the Internet and the World Wide Web, like its other commitments to open and transparent international systems, left the country somewhat exposed. At the same time, the UK found itself tightly tied into the European IT System. Meeting all these new alliance-based objectives will provide sorely needed employment to counter some of the jobs that continue to be lost due to contracting world trade. In all this restructuring our only consolation appears to be the fact that the other world players are, in their own ways, equally far behind.

The Russo/Nippon aerospace consortium is still struggling to successfully integrate Japanese standards of manufacturing excellence with Russian design and material expertise. Intelligence reports continue to suggest that cross-cultural tensions are a major problem. No such problems exist in Europe, but there the focus is more tactical than strategic, and the goal is to simply be low-cost producer of technically acceptable armaments and transport equipment for regional and global markets. China's product is consistently better than the experts expect it to be, but the quality of its high-volume production goals are just as consistently less than demanded. Their reusable launch vehicle program is still suffering from the calamitous failure that killed twelve score or more of their top space scientists and engineers.

Despite all this global military buildup, many people are arguing that the greater threat may in the end turn out to be just as it was portrayed by H. G. Wells back when the twentieth century was still the promise of the future. Underfunding and deteriorating international relations combined with near-term "restructuring objectives" have led to neglect of most public health infrastructure and significant abandonment of environmental restrictions in much of the world. There are those in Japan who argue even more malicious motivations are at play and insist that the acid rain out of China is a premeditated environmental weapon aimed at destroying Japanese rice production. In a similar fashion Euro-hawks have argued that their people are most at risk to ozone depletion and potential climate change, but to date they have had no impact of EU trade policies.

The potential public health problems, however, may be of more immediate concern. People in the medical profession are quick to remind public officials that the swine flu epidemic of 1918-1919 was a far greater killer than all of the carnage of WWI, and up until the 1950s the biggest killer of all was TB. They then point out that reports began appearing in the early 1990s about drug resistant strains of TB and other diseases of urban congestion that were staging a slow comeback among the extremely poor throughout the world. Then in the first decade of this century an ever-increasing number of "exotic" tropical diseases began appearing in large cities of major industrialized nations; occurring, it was alleged, because of cheap air travel to and from emerging market countries. The reported use of biological weapons in the Chinese civil war may or may not have aggravated the already deteriorating situation.

Whatever the historical facts, most medical authorities are now arguing that of the Four Horsemen, plague is now a bigger threat than war and that far too large a portion of America's and the world's limited resources are being devoted to preparation for the wrong battle. Skeptics of course argue that such claims are little more than antiwar rhetoric in a new costume, just as

environmentalism is no more than anti-industrialization. Much of the public, however, seems to be personally concerned.

The decline in long-distance vacation travel continues, and travel industry experts will tell you, confidentially, that it has to be more than the economy. They point out that luxury travel to exotic resorts is way down and even traditional Caribbean destinations are suffering, while U.S. and European destinations appear to be picking up. International business travel also continues to be soft, as corporations abandon any pretense at global organizational structures in favor of a more regional focus. But travel industry people say there is more going on: “Folks come in asking if the water is safe, if the rooms are clean or are just distrusting the ‘people there.’ And, of course, they invariably go on to add “concern about regional air safety and security management in one country or another.” In the end they simply go some place local that they can trust. People, like their governments, do not seem to be in a trusting mood.

Whatever happens, the new millennium looks more like the “old world disorder” than anything else. And, if the statesmen or the public health officials can’t keep the lid on things, the “end of history” may have a more final meaning than originally was intended.